

**Statement of Chairman Candice S. Miller**  
**Chairman**  
**Subcommittee on Regulatory Affairs**  
**Committee on Government Reform**  
**Washington, DC**  
**June 28, 2005**

Good afternoon, ladies and gentlemen.

We are here today to discuss the overall progress of the Department of Labor and Department of Transportation in responding to the public's reform nominations that were included in the Office of Management and Budget's 2005 report on *Regulatory Reform of the U.S. Manufacturing Sector*. This is the second in a series of hearings discussing those regulations and guidance documents that merit priority consideration because of the impact on domestic manufacturing.

For many years it has been widely acknowledged that the very foundation of a nation's economy is manufacturing. Manufacturing has been widely acknowledged as a critical component of the backbone of America because it helps create. Manufacturing creates goods but it also creates progress, innovation, and economic and human prosperity. The manufacturing industry also helps employers and employees play a role in creating – what the President has labeled as a goal of his second-term agenda – an ownership society.

And for many years the Government has understood that it does not create jobs; rather the private sector creates jobs. The role of government has been to generate an environment that attracts business investments and encourages job creation.

However, the manufacturing industry has come under attack lately -- by the very Government that it once held together.

Even though manufacturing provides 14 million Americans with jobs and accounts for 62% of all imports, domestic manufacturing has lost 2.8 million jobs between 2000 and 2003. These are jobs that have provided a high-quality of life for Americans because salaries and benefits in manufacturing are 18% higher than the rest of the private sector.

More than any other sector, manufacturers bear the highest share of the cost of regulation. At \$8,000 per employee, domestic manufacturers assume almost twice the average cost for all U.S. industries. Workplace regulations alone cost manufacturers \$2.2 million per firm per year, roughly \$1,700 per employee. Our global competitors do not have this large of a burden.

Regulatory compliance has become so burdensome that those costs are now the equivalent of a 12% excise tax on manufacturing. Such domestically imposed costs are harming manufacturing and adding 22.4% to the cost of doing business in the United States. We are not the only developed nation with high structural costs, but these costs are higher here in every category, and that 22.4% is an enormous drag on economic growth and job creation.

The high cost of regulation, the increase in costs of health care, and the often unwarranted tort litigation have all altered the dynamics of domestic manufacturing. These new dynamics have hindered the international competitiveness of manufacturers and have constrained the demand for workers in U.S. facilities.

Make no mistake, I am a defender of regulations that protect worker health and safety. I am a defender of regulations that watch over consumers and safeguard our natural resources. I have spent almost 3 decades in public office as a principal advocate of our environment. But, I think the common standard must always be to do what is reasonable.

That is the purpose of our hearing today. I am eager to have a dialogue about how best to improve federal regulations for the benefit of all Americans. In particular, I am hopeful that this hearing will have a positive impact on those regulations flagged by OMB for priority review that are still outstanding. I am extremely troubled by the adverse affect some of these regulations could have on our ability to remain competitive with our key trading partners.

By acting on the combined 16 rules and guidance documents from Department of Labor and Department of Transportation, I believe we will be one step closer to reducing the cost and burden on domestic manufacturing firms. The savings accrued by reducing the regulatory burden on U.S. manufacturers could be redirected into hiring new workers, investing in new equipment, and protecting American jobs.

Streamlining all the unnecessary regulatory burdens on the manufacturing sector is a powerful antidote to reinvigorating the economy, small businesses, and our competitiveness on the international stage.